



December 14, 2010

Jennifer J. Johnson, Secretary,  
Board of Governors of the Federal  
Reserve System, 20th Street and  
Constitution Avenue, NW.,  
Washington, DC 20551.

Re: Proposed rule to Amend Regulation Z- Truth in Lending R-1390

Dear Sir or Madam:

Principal Bank, a member of the Principal Financial Group®, is an FDIC insured federal savings bank offering customers traditional and innovative banking products and services through the Internet and telephone personal bankers. Principal Bank offers home equity loans and lines of credit.

Principal Bank welcomes the opportunity to comment on the proposed revisions to Regulation Z. We have reviewed the proposal and believe it contains a few valid recommendations for improving consumer awareness, however the following section warrants additional consideration. Our comments follow below.

**Right of Rescission**

**Proposal**

The proposed amendments to Reg Z are to clarify, strengthen and modernize the forms, procedures and the “rules of the road” for the right of rescission.

**Comment**

The Truth in Lending Act provides for disclosures to a borrower, like the finance charges, APR, payment schedule and the right to cancel a home equity loan or line of credit with a financial institution within three days of closing. The right to rescind is required without questions from the financial institution, and the financial institution must give up its claim to the property and refund all fees and finance charges collected within 20 days of exercising the right of rescission. With the stringent TILA regulations already in place, the financial institutions must comply or face scrutiny by our federal regulator and worse case scenario, reputation risk.

Under the new proposed rules by the Fed, we disagree with the timing of when the right of rescission notice is to be sent to the borrower before the closing of the loan. With this change, the loan process will dramatically draw out the timeline for the borrower to receive their funds, not to mention causing confusion between borrower and financial institution in the amount of duplication in disclosures. We believe the right of rescission should be sent at the time of closing along with other documents that need the borrower's signature. Moreover, we do not see where this proposal would benefit the borrower in providing this disclosure beforehand; nor do we see where unscrupulous mortgage brokers, subprime lenders, etc would stop their abusive practice just because another document is required before the closing of loan.

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Also under the new proposal, the right of rescission notice will now include a detachable written signature line. This signature line will be required to be signed by the borrower if they choose to exercise their right to rescind. This change would also eliminate the current requirements of providing two copies to the borrower. We feel this change in just providing a detached written signature line would potentially slow the request down as it would be harder for financial institutions to decipher which borrower is wishing to rescind their rights. Again, we would like the full disclosure to be sent back which would list the full name along with along with the signature. This would certainly reduce the amount of time in providing efficient customer service.

For the reasons listed above, and the numerous comments you have received on this proposal, we ask the agency to withdraw the Rescission proposal and leave the current TILA regulations in place.

Please forward any questions to the undersigned at 515-883-9217, or to Jill Lorenz, Compliance Officer at 515-883-9190.

Sincerely,

A handwritten signature in blue ink that reads "Janice L. Coney".

Janice L. Coney  
Compliance Department  
515-883-9217